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To:

Cc:

Subject: Advice on 117(a) and Rev. Rul. 64-54

Work Colleges – Revised § 117

We are replying to your request concerning the continued validity of Rev. Rul. 64-54, 1964-1 C.B. 81. That revenue ruling holds that the value of tuition and work payments granted to students enrolled in a course of study at a college having no tuition charge and requiring all students to participate in a work program which implements its educational philosophy are scholarship payments under § 117(a)(1)(A) of the Internal Revenue Code of 1954. The learning-through-working program (LTWP) described in Rev. Rul. 64-54 was an integral part of the school's overall scholastic program and the primary purpose of the student work program was to further the education and training of the students in their individual capacities.

Rev. Rul. 64-54 is still the published position of the Internal Revenue Service and taxpayers falling within its scope may continue to rely on it. Any LTWP payments applied to tuition or related expenses are still covered by § 117(a) and are not subject to income tax. Any change to this position should be through the published guidance process.

We have one caveat. To the extent any LTWP payments are applied to room and board, those payments are not excludible under § 117(a) and are subject to income taxes.

Please let me know if you have any questions.